Second Quarter Financial Report 2013-14

For the period ended September 30, 2013

Canada

Farm Credit Canada

Headquartered in Regina, Saskatchewan, Farm Credit Canada (FCC) is a financially self-sustaining federal Crown corporation reporting to Parliament through the Minister of Agriculture and Agri-Food. We serve Canadian agriculture by providing financing and other services to more than 100,000 primary producers, value-added operators, suppliers and processors along the agriculture value chain. Operating out of 100 offices located primarily in rural communities, our more than 1,600 employees are passionate about the business of agriculture. Every year, FCC provides learning events to over 10,000 participants and knowledge publications to more than 100,000 subscribers.

Contact Corporate Communication at communications@fcc-fac.ca for more information.

Second Quarter Financial Report 2013-14
For the period ended September 30, 2013

This report was prepared in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations and should be read in conjunction with disclosures and information contained in FCC's annual report and corporate plan summary.[1]

Financial results

This document contains the corporation's unaudited financial results for the second quarter, which ended September 30, 2013. The corporation is on track to meet the performance measures for the current fiscal year as outlined in the 2013-18 Corporate Plan Summary.

Net income overview

	Three months ended		Six months ended	
	Sept. 30, 2013	Sept. 30, 2012 Restated	Sept. 30, 2013	Sept. 30, 2012 Restated
Net interest income	$ 225.1	$ 217.1	$ 443.0	$ 426.5
Provision for credit losses	24.0	(22.1)	24.8	(46.2)
Insurance and other income	0.3	2.4	4.4	6.0
Administration expenses	(85.9)	(81.1)	(173.6)	(161.2)
Fair value adjustment	8.0	2.5	11.4	1.5
Net income	$ 171.5	$ 118.8	$ 310.0	$ 226.6

In the second quarter of 2013-14, net income was $52.7 million higher than the same quarter in 2012-13. This was mainly due to a decrease in the provision for credit losses of $46.1 million and higher net interest income of $8.0 million, partially offset by an increase in administration expenses of $4.8 million.

The provision for credit losses for the six-month period ended September 30, 2013, decreased $71.0 million over the prior year. In the first six months of 2013-14, an improvement in portfolio health resulted in a decrease in the required allowance for credit losses, partially offset by portfolio growth. The decrease resulted in a negative charge to the provision for credit losses.

Net interest income for the six-month period ended September 30, 2013, increased due to portfolio growth, partially offset by lower margins. The net interest margin for the six-month period ended September 30, 2013, decreased to 3.34% from 3.43% for the comparable period in 2012-13. The decrease was mainly due to increased borrowing costs.

Administration expenses increased $12.4 million year-over-year mainly as a result of salary and benefit expenses, with the largest driver being higher pension expense.

[1] *These documents are available at www.fcc-fac.ca/About Us/Corporate Profile.*

Loans receivable

FCC experienced overall growth in loans receivable of $1.1 billion from March 31, 2013, bringing its loan portfolio to $26.3 billion at September 30, 2013. Loan portfolio growth of 4.5% for the six months ended September 30, 2013, was lower than the loan portfolio growth of 7.5% for the first six months of the prior fiscal year. The rate of loan portfolio growth decreased due to lower net disbursement levels. Net disbursements for the six months ended September 30, 2013, were $3.8 billion, a decrease of $465.9 million, or 10.9%, from the six months ended September 30, 2012.

Cash flow

Cash and cash equivalents at September 30, 2013 decreased to $689.8 million from $997.4 million at September 30, 2012. For the six-month period ended September 30, 2013, cash of $851.5 million was used in operating activities and $296.6 million was used in investing activities while $919.1 million was provided by financing activities.

Outlook against corporate plan summary

FCC is projected to meet all year-end financial targets as outlined in the 2013-18 Corporate Plan Summary.

Measure	Outlook
Net income	**On track** with Corporate Plan.
Return on equity	**On track** with Corporate Plan.
Efficiency ratio	**On track** with Corporate Plan.
Capital adequacy	**On track** with Corporate Plan.

Enterprise risk management

FCC has adopted an enterprise risk management framework to manage risks efficiently, consistently and in a coordinated manner. The corporation is exposed to six main categories of risk: credit, market, liquidity, operational, strategic and reputation.

FCC's risk assessment process includes risk identification and assessment, measurement, control, monitoring and reporting. This is an ongoing process for credit and market risk. All risks are assessed annually during the strategic planning process and constitute the corporation's risk profile. Executive Management Team members are responsible for developing and implementing risk management strategies and action plans to mitigate the corporation's top risks.

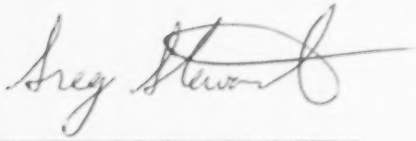
The FCC Board of Directors oversees the corporation's risk governance framework, which is supported by policies and committees that guide corporate decision-making.

A new Risk Committee of the Board was created in August. No new material risks were identified in the second quarter.

Statement of management responsibility

Management is responsible for the preparation and fair presentation of these consolidated quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the preparation of consolidated quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring that all other information in this quarterly report is consistent, where appropriate, with the consolidated quarterly financial statements.

Based on our knowledge, these unaudited consolidated quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the consolidated quarterly financial statements.



Greg Stewart, P.Ag. C.Dir.
President and Chief Executive Officer

Rick Hoffman, CMA, MBA
Executive Vice-President and Chief Financial Officer

Regina, Canada
November 15, 2013

Condensed Consolidated Financial Statements
Consolidated Balance Sheet

(Unaudited)
(Thousands of Canadian dollars)

	Sept. 30, 2013	March 31, 2013 Restated Note 1	April 1, 2012 Restated Note 1
Assets			
Cash and cash equivalents	$ 689,822	$ 917,871	$ 904,217
Temporary investments	410,126	164,781	83,813
Accounts receivable	12,919	18,666	16,356
Derivative financial assets	55,715	71,183	67,898
	1,168,582	1,172,501	1,072,284
Loans receivable – net (Notes 2 and 3)	25,650,889	24,493,332	22,580,309
Finance leases receivable – net	15,844	12,908	9,541
Venture capital investments	110,378	73,366	53,527
	25,777,111	24,579,606	22,643,377
Equipment and leasehold improvements	23,525	23,467	26,655
Computer software	35,247	38,329	40,091
Equipment under operating leases	48,902	40,086	28,331
Other assets	21,568	16,825	18,307
	129,242	118,707	113,384
Total assets	$ 27,074,935	$ 25,870,814	$ 23,829,045
Liabilities			
Accounts payable and accrued liabilities	$ 48,899	$ 57,459	$ 59,675
Derivative financial liabilities	-	-	84
	48,899	57,459	59,759
Borrowings (Note 4)			
Short-term debt	11,521,060	10,045,902	9,568,666
Long-term debt	11,351,759	11,906,034	10,772,729
	22,872,819	21,951,936	20,341,395
Transition loan liability	93,065	92,499	84,108
Retirement benefit liabilities	226,729	225,601	224,461
Other liabilities	15,189	12,129	11,550
	334,983	330,229	320,119
Total liabilities	23,256,701	22,339,624	20,721,273
Equity			
Contributed surplus	547,725	547,725	547,725
Retained earnings	3,078,163	2,770,326	2,340,412
Accumulated other comprehensive income	153,104	184,752	203,477
Equity attributable to shareholder of parent entity	3,778,992	3,502,803	3,091,614
Non-controlling interest in special purpose entity	39,242	28,387	16,158
	3,818,234	3,531,190	3,107,772
Total liabilities and equity	$ 27,074,935	$ 25,870,814	$ 23,829,045

The accompanying notes are an integral part of the condensed consolidated financial statements.

Consolidated Statement of Operations

(Unaudited)
(Thousands of Canadian dollars)

	Three months ended		Six months ended	
	Sept. 30, 2013	Sept. 30, 2012 Restated Note 1	Sept. 30, 2013	Sept. 30, 2012 Restated Note 1
Interest income	$ 290,365	$ 277,846	$ 576,175	$ 550,289
Interest expense	65,274	60,751	133,203	123,750
Net interest income	225,091	217,095	442,972	426,539
Provision for credit losses	(23,975)	22,061	(24,811)	46,246
Net interest income after provision for credit losses	249,066	195,034	467,783	380,293
Net insurance income	273	2,217	3,871	5,525
Other income	68	203	569	475
Net interest income and non-interest income	249,407	197,454	472,223	386,293
Administration expenses				
Salary expense	36,478	33,525	74,946	67,446
Benefits expense	18,765	15,913	37,781	32,316
Professional fees expense	8,721	9,496	16,778	17,981
Facilities, software and equipment expense	6,381	6,411	12,916	12,482
Amortization and depreciation expense	8,189	7,780	16,295	14,376
Travel and training expense	3,269	2,856	6,739	6,140
Marketing and promotion expense	1,504	2,157	2,679	3,247
Other expenses	2,591	3,000	5,428	7,186
Total administration expenses	85,898	81,138	173,562	161,174
Net income before fair value adjustment	163,509	116,316	298,661	225,119
Fair value adjustment	7,984	2,504	11,368	1,536
Net income	$ 171,493	$ 118,820	$ 310,029	$ 226,655
Net income (loss) attributable to:				
Shareholder of parent entity	$ 168,988	$ 118,945	$ 307,837	$ 226,858
Non-controlling interest in special purpose entity	2,505	(125)	2,192	(203)

The accompanying notes are an integral part of the condensed consolidated financial statements.

Consolidated Statement of Comprehensive Income

(Unaudited)
(Thousands of Canadian dollars)

	Three months ended		Six months ended	
	Sept. 30, 2013	Sept. 30, 2012 Restated Note 1	**Sept. 30, 2013**	Sept. 30, 2012 Restated Note 1
Net income	**$ 171,493**	$ 118,820	**$ 310,029**	$ 226,655
Other comprehensive income				
Items that are or may be reclassified to net income				
Net (losses) gains on derivatives designated as cash flow hedges	**(3,061)**	(1,311)	**(20,296)**	7,005
Transfer of net realized gains on derivatives designated as cash flow hedges to net income	**(5,760)**	(5,745)	**(11,410)**	(11,405)
Net unrealized (losses) gains on available-for-sale financial assets	**(124)**	124	**58**	103
	(8,945)	(6,932)	**(31,648)**	(4,297)
Total other comprehensive (loss) income	**$ (8,945)**	$ (6,932)	**$ (31,648)**	$ (4,297)
Total comprehensive income	**$ 162,548**	$ 111,888	**$ 278,381**	$ 222,358
Total comprehensive income (loss) attributable to:				
Shareholder of parent entity	**$ 160,043**	$ 112,013	**$ 276,189**	$ 222,561
Non-controlling interest in special purpose entity	**2,505**	(125)	**2,192**	(203)

The accompanying notes are an integral part of the condensed consolidated financial statements.

Consolidated Statement of Changes in Equity

(Unaudited)
(Thousands of Canadian dollars)

	Balance July 1, 2013	Net income	Other comprehensive income	Dividends declared	Distributions to non-controlling interest	**Balance Sept. 30, 2013**
Contributed surplus	$ 547,725	$ -	$ -	$ -	$ -	**$ 547,725**
Retained earnings	2,909,175	168,988	-	-	-	**3,078,163**
Net gains (losses) on derivatives designated as cash flow hedges	162,187	-	(8,821)	-	-	**153,366**
Net unrealized losses on available-for-sale financial assets	(138)	-	(124)	-	-	**(262)**
Total accumulated other comprehensive income (loss)	162,049	-	(8,945)	-	-	**153,104**
Total equity attributable to parent	3,618,949	168,988	(8,945)	-	-	**3,778,992**
Non-controlling interest in special purpose entity	30,381	2,505	-	-	6,356	**39,242**
Total	$ 3,649,330	$ 171,493	$ (8,945)	$ -	$ 6,356	**$ 3,818,234**

(Unaudited)
(Thousands of Canadian dollars)

	Balance July 1, 2012 Restated Note 1	Net income Restated Note 1	Other comprehensive income	Dividends declared	Distributions to non-controlling interest	Balance Sept. 30, 2012 Restated Note 1
Contributed surplus	$ 547,725	$ -	$ -	$ -	$ -	$ 547,725
Retained earnings	2,448,325	118,945	-	(56,430)	-	2,510,840
Net gains (losses) on derivatives designated as cash flow hedges	206,701	-	(7,056)	-	-	199,645
Net unrealized (losses) gains on available-for-sale financial assets	(589)	-	124	-	-	(465)
Total accumulated other comprehensive income (loss)	206,112	-	(6,932)	-	-	199,180
Total equity attributable to parent	3,202,162	118,945	(6,932)	(56,430)	-	3,257,745
Non-controlling interest in special purpose entity	16,114	(125)	-	-	6,759	22,748
Total	$ 3,218,276	$ 118,820	$ (6,932)	$ (56,430)	$ 6,759	$ 3,280,493

The accompanying notes are an integral part of the condensed consolidated financial statements.

Consolidated Statement of Changes in Equity (continued)

(Unaudited)
(Thousands of Canadian dollars)

	Balance April 1, 2013 Restated Note 1	Net income	Other comprehensive income	Dividends declared	Distributions to non-controlling interest	**Balance Sept. 30, 2013**
Contributed surplus	$ 547,725	$ -	$ -	$ -	$ -	**$ 547,725**
Retained earnings	2,770,326	307,837	-	-	-	**3,078,163**
Net gains (losses) on derivatives designated as cash flow hedges	185,072	-	(31,706)	-	-	**153,366**
Net unrealized (losses) gains on available-for-sale financial assets	(320)	-	58	-	-	**(262)**
Total accumulated other comprehensive income (loss)	184,752	-	(31,648)	-	-	**153,104**
Total equity attributable to parent	3,502,803	307,837	(31,648)	-	-	**3,778,992**
Non-controlling interest in special purpose entity	28,387	2,192	-	-	8,663	**39,242**
Total	$ 3,531,190	$ 310,029	$ (31,648)	$ -	$ 8,663	**$ 3,818,234**

(Unaudited)
(Thousands of Canadian dollars)

	Balance April 1, 2012 Restated Note 1	Net income Restated Note 1	Other comprehensive income	Dividends declared	Distributions to non-controlling interest	Balance Sept. 30, 2012 Restated Note 1
Contributed surplus	$ 547,725	$ -	$ -	$ -	$ -	$ 547,725
Retained earnings	2,340,412	226,858	-	(56,430)	-	2,510,840
Net gains on derivatives designated as cash flow hedges	204,045	-	(4,400)	-	-	199,645
Net unrealized losses on available-for-sale financial assets	(568)	-	103	-	-	(465)
Total accumulated other comprehensive income (loss)	203,477	-	(4,297)	-	-	199,180
Total equity attributable to parent	3,091,614	226,858	(4,297)	(56,430)	-	3,257,745
Non-controlling interest in special purpose entity	16,158	(203)	-	-	6,793	22,748
Total	$ 3,107,772	$ 226,655	$ (4,297)	$ (56,430)	$ 6,793	$ 3,280,493

The accompanying notes are an integral part of the condensed consolidated financial statements.

Consolidated Statement of Cash Flows

(Unaudited)
(Thousands of Canadian dollars)

	Three months ended		Six months ended	
	Sept. 30, 2013	Sept. 30, 2012 Restated Note 1	**Sept. 30, 2013**	Sept. 30, 2012 Restated Note 1
Operating activities				
Net income	**$ 168,988**	$ 118,945	**$ 307,837**	$ 226,858
Adjustments to determine net cash (used in) provided by operating activities:				
Net interest income	**(225,091)**	(217,095)	**(442,972)**	(426,539)
Unwind adjustment on impaired loans	**(1,143)**	(529)	**(1,695)**	(269)
Provision for credit losses	**(23,975)**	22,061	**(24,811)**	46,246
Fair value adjustment	**(7,984)**	(2,504)	**(11,368)**	(1,536)
Depreciation and amortization	**8,189**	20,972	**16,295**	14,376
Other	**300**	699	**(1,441)**	(890)
Net cash outflow from loans receivable	**(347,488)**	(647,635)	**(1,084,174)**	(1,701,716)
Net cash outflow from finance leases receivable	**(2,765)**	(1,457)	**(2,805)**	(2,670)
Net change in other operating assets and liabilities	**2,345**	(9,335)	**14,013**	12,894
Interest received	**219,952**	200,992	**511,412**	493,172
Interest paid	**(56,994)**	(57,788)	**(131,825)**	(131,574)
Cash used in operating activities	**$ (265,666)**	$ (572,674)	**$ (851,534)**	$ (1,471,648)
Investing activities				
Net cash (outflow) inflow from temporary investments	**$ (176,300)**	$ 254,308	**$ (244,941)**	$ 28,869
Acquisition of venture capital investments	**(25,537)**	(5,333)	**(29,664)**	(8,240)
Proceeds on disposal and repayment of venture capital investments	**-**	38	**115**	45
Purchase of equipment and leasehold improvements	**(4,175)**	(1,547)	**(5,461)**	(3,159)
Purchase of computer software	**(1,454)**	(3,159)	**(3,016)**	(6,033)
Purchase of equipment under operating leases	**(6,195)**	(5,925)	**(13,655)**	(10,986)
(Purchase) disposal of real estate property held for sale	**(16)**	99	**(16)**	199
Cash (used in) provided by investing activities	**$ (213,677)**	$ 238,481	**$ (296,638)**	$ 695
Financing activities				
Long-term debt issued	**$ 1,666,000**	$ 1,291,243	**$ 2,100,000**	$ 2,896,261
Long-term debt repaid	**(1,041,886)**	(420,000)	**(2,512,886)**	(1,541,254)
Short-term debt issued	**11,007,139**	8,413,074	**20,370,441**	16,859,881
Short-term debt repaid	**(11,306,319)**	(8,732,327)	**(19,038,494)**	(16,650,478)
Cash provided by financing activities	**$ 324,934**	$ 551,990	**$ 919,061**	$ 1,564,410
Change in cash and cash equivalents	**$ (154,409)**	$ 217,797	**$ (229,111)**	$ 93,457
Cash and cash equivalents, beginning of period	**844,461**	780,287	**917,871**	904,217
Effects of exchange rate changes on the balances of cash held and due in foreign currencies	**(230)**	(709)	**1,062**	(299)
Cash and cash equivalents, end of period	**$ 689,822**	$ 997,375	**$ 689,822**	$ 997,375
Cash and cash equivalents are comprised of:				
Cash	**$ 90,166**	$ 57,007	**$ 90,166**	$ 57,007
Short-term investments	**599,656**	940,368	**599,656**	940,368

The accompanying notes are an integral part of the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Significant accounting policies

Basis of presentation

Condensed consolidated interim financial statements (interim financial statements) comply with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations.

These interim financial statements do not include all of the information required for complete annual financial statements and should be read in conjunction with the annual, audited financial statements for the year ended March 31, 2013.

Unless otherwise stated, all dollar amounts presented in the Notes to the Condensed Consolidated Financial Statements are in thousands of Canadian dollars, which is the corporation's functional currency.

Accounting policies

The accounting policies adopted in the preparation of these interim financial statements are consistent with those followed in the annual, audited financial statements for the year ended March 31, 2013, except as described below.

New and amended accounting policies

The International Accounting Standards Board (IASB) has issued a number of new standards, interpretations, amendments and improvements. The standards that are relevant to FCC are listed below. They are effective April 1, 2013.

New standards include:

- IFRS 10 – Consolidated Financial Statements. This standard replaces the guidance on control and consolidation in IAS 27 – Consolidated and Separate Financial Statements, and SIC-12 – Consolidation: Special Purpose Entities. IFRS 10 requires consolidation of an investee only if the investor has power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns. IFRS 10 provides detailed guidance on applying the definition of control. The accounting requirements for consolidation have remained consistent with IAS 27. The corporation assessed its consolidation conclusions and determined IFRS 10, which was adopted on April 1, 2013, did not change the consolidation status of its subsidiaries and investees. While Avrio Ventures Limited Partnership (Avrio Fund I), Avrio Ventures Limited Partnership II (Avrio Fund II) and Avrio Subordinated Debt Limited Partnership (Avrio Subordinated Debt Fund) are no longer special purpose entities with the removal of SIC-12, the corporation will continue to consolidate them given that it is entitled to and exposed to a majority of the benefits and risks.
- IFRS 12 – Disclosure of Interests in Other Entities. This standard outlines the disclosure requirements for all forms of interest in other entities, both on and off the balance sheet. FCC has assessed the disclosure requirements and determined that the adoption of IFRS 12 did not require additional disclosure in its interim financial statements.
- IFRS 13 – Fair Value Measurement. This standard provides a single framework for measuring fair value. The measurement of an asset or liability's fair value is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. FCC adopted IFRS 13 on April 1, 2013, on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by FCC to measure fair value and did not result in any measurement adjustments as at April 1, 2013. The corporation will provide additional disclosures required by IFRS 13 in the annual financial statements for the year ended March 31, 2014.

Amended standards include:

- IAS 1 – Presentation of Financial Statements. This standard requires the corporation to group other comprehensive income items by those that will be reclassified to income and those that will not. The corporation has reclassified comprehensive income items for the comparative periods. These changes did not result in any adjustments to other comprehensive income or comprehensive income.
- IAS 19 – Employee Benefits. This standard was amended to improve the recognition, presentation and disclosure of defined benefit plans. The amendments introduce a calculation for net interest costs, which will be included in benefits expense. Under the net interest method, plan assets are multiplied by the same discount rate used to calculate the interest expense on the defined benefit liability to determine the interest income on the plan assets. This differs from the previous methodology, which used the expected rate of return. Under the previous standard, fair value was the full value of the refundable tax assets. Under the new standard, the fair value of refundable tax assets is calculated as the present value of future reimbursements. This amendment was implemented effective April 1, 2013, and applied retrospectively. The transition adjustment increased retirement benefit liabilities and reduced opening retained earnings by $6.7 million as at April 1, 2012 and by $7.5 million as at March 31, 2013, cumulatively. The increase in retirement benefit liabilities resulted from the decrease in the fair value of pension assets. In addition, for the year ended March 31, 2013, the retrospective application of the standard increased pension expense by $9.8 million and other comprehensive income by $8.9 million. For the period ended September 30, 2012, pension expense and other comprehensive income increased by $4.9 million. The corporation will provide additional disclosures required by IAS 19 in the annual financial statements for the year ended March 31, 2014.

Accounting standards issued but not yet effective

The corporation has reviewed the new standards, interpretations, amendments and improvements that have been issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC), but are not yet effective, and has determined that the following may have an impact on it. Management is assessing the impact on the corporation's financial statements and accounting policies.

Standard	Details	Date of initial application
IAS 32 – Financial Instruments: Presentation	The amended standard was issued together with the amended IFRS 7 – Financial Instruments: Disclosures to clarify the guidance on offsetting financial assets and liabilities. It is anticipated that this standard will result in increased disclosure only.	April 1, 2014
IFRS 9 – Financial Instruments	The new standard provides requirements for classifying and measuring financial assets and liabilities. This standard is the first in a three-phase project in progress by the IASB to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety. It is anticipated that this standard will change the classification of the corporation's temporary investments from available for sale to amortized cost.	TBD

2. Loans receivable – net

($ thousands)

	Term to maturity				
	Within 1 year	1 - 5 years	Over 5 years	Sept. 30, 2013	March 31, 2013
Floating	$ 3,363,652	$ 12,403,358	$ 767,382	$ 16,534,392	$ 15,747,663
Fixed	1,439,469	5,695,959	2,269,968	9,405,396	9,086,081
Performing loans	4,803,121	18,099,317	3,037,350	25,939,788	24,833,744
Impaired loans				338,262	321,209
Deferred loan fees				(19,403)	(21,618)
Loans receivable – gross				26,258,647	25,133,335
Allowance for credit losses				(607,758)	(640,003)
Loans receivable – net				$ 25,650,889	$ 24,493,332

3. Allowance for credit losses – loans receivable

($ thousands)

	Sept. 30, 2013	March 31, 2013
Individual allowance, beginning of year	$ 151,012	$ 140,800
Provision for credit losses	24,388	31,476
Losses covered under the Hog Industry Loan Loss Reserve Program	(1,882)	9,391
Unwind adjustment on impaired loans	(1,695)	3,200
Writeoffs	(3,116)	(35,602)
Recoveries	306	1,747
Individual allowance, end of period	$ 169,013	$ 151,012
Collective allowance, beginning of year	$ 488,991	$ 481,150
Provision for credit losses	(49,238)	6,571
Losses covered under the Hog Industry Loan Loss Reserve Program	(767)	3,552
Writeoffs	(680)	(2,451)
Recoveries	439	169
Collective allowance, end of period	$ 438,745	$ 488,991
Total allowance	$ 607,758	$ 640,003

4. Borrowings

Short-term debt

($ thousands)

	Sept. 30, 2013	March 31, 2013
Government of Canada debt	$ 11,339,479	$ 9,771,040
U.S. dollar fixed-rate promissory notes	130,839	115,105
Retail and institutional fixed-rate notes	50,742	152,153
Cash collateral due to derivative counterparties	-	7,406
Structured note index-linked	-	198
Total	$ 11,521,060	$ 10,045,902

Long-term debt

($ thousands)

	Sept. 30, 2013	March 31, 2013
Government of Canada debt	$ 10,935,504	$ 11,490,130
Retail and institutional fixed-rate notes	416,255	415,904
Total	$ 11,351,759	$ 11,906,034